

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

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February 18, 1998

Ms. Jacqueline Alvarez
70 W. 180th Street
Bronx, NY 10453

Re: Skadden, Arps, Slate, Meagher &
Flom Pension Plan (the "Plan")

Dear Ms. Alvarez:

As a result of your termination of employment on December 24, 1997, you are eligible to receive your benefit from the Plan. You are 100% vested in this benefit. Indicated below are your distribution options.

Payment Of Benefits - Normal Form Of Retirement Income

If you are married when your benefit payments begin, your pension normally is paid to you as a 50% Joint & Survivor Annuity (Option 6, described below). If you are not married when your benefit payments begin, your pension normally is paid to you as a Level Annuity (Option 2, described below). These methods of benefit payments are hereinafter referred to as your "Normal Form of Retirement Income" and are explained below. Additional options will be available to you once you reach age 65.

When Your Benefits Begin

The date your benefit begins is called your "Benefit Commencement Date". Your benefit normally commences on the first day of the month following your 65th birthday (your "Normal Retirement Date"). However, you may elect to commence receipt of your benefit as early as April 1, 1998.

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Options Available If Your Benefit Commences At This Time

If you elect to commence receipt of your benefit as of April 1, 1998, the following options (with estimated dollar amounts indicated next to each option) are available to you:

Option 1. Lump Sum Payment: \$9,887.45. A one-time distribution. After this distribution, no additional distributions will be made.

Option 2. Level Annuity (available only if you are not married on your Benefit Commencement Date): \$730.68 per year (\$60.89 per month) paid to you for your lifetime. All payments will cease upon your death.

Option 6. Joint & Survivor Annuity Option (available only if you are married on your Benefit Commencement Date and only under the 50% option): \$672.24 per year (\$56.02 per month) paid to you for your lifetime. Upon your death, a monthly benefit in the amount of \$28.01 will be paid to your spouse for his or her lifetime if he or she survives you.

If You Defer Receipt Of Your Benefit

If you elect to defer receipt of your benefit, your Account Balance will continue to grow with Interest Credits until the date your benefit commences. The applicable Interest Credit rate will be determined and announced at the beginning of each Plan Year. The Interest Credit rate for the 1998 Plan Year is 8%. If you elect to defer receipt of your benefit at this time, at least 30 days but not more than 90 days prior to the date you elect to commence receipt of your benefit, we will contact you with updated amounts available for all options available to you at that time. Each year you will receive a statement with updated account balance and Interest Credit rate information. Once you reach age 65, all of the options outlined in Part II of the enclosed Exhibit A will become available to you. Until that time, only those options outlined above will be available to you. (See "Options Available If Your Benefit Commences

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At This Time".) Please remember to contact the Employee Benefits Department if you elect to defer receipt of your benefit and/or your mailing address changes.

Making Your Election

Enclosed are the following forms, which must be completed, signed and returned to us before your benefit may commence:

- Exhibit A: "Skadden, Arps Slate, Meagher & Flom Pension Plan Distribution Election and Consent Form" -- This exhibit must be completed regardless of the method by which you elect to receive your benefit.
- Exhibit B: "Form for Direct Rollover of Lump Sum Distributions" -- This exhibit should be completed only if you are electing a Direct Rollover of a Lump Sum Distribution. (See "Taxation Of Distributions" below for more information.)
- Form W4P: "Withholding Election Form for Pensions & Annuities" -- This form should be completed only if you elect to receive your benefit in the form of an annuity. (See "Taxation Of Distributions" below for more information.)
- Exhibit C: "Federal Tax Treatment of Distributions from Qualified Plans" -- This exhibit should be retained by you for your tax records. (See "Taxation Of Distributions" below for more information.)

In order to receive your benefit, you should complete and return Exhibit A along with **an original copy** of your birth certificate (and your beneficiary's birth certificate, if applicable). Depending on the option and method of payment you elect, you also may be required to complete and return Exhibit B or Form W4P. (See "Taxation Of Distributions" below for more information.) Please return all applicable forms in the enclosed self-addressed stamped envelope.

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Once an election is made, it may be changed any time prior to your Benefit Commencement Date. If you do not return all applicable forms by March 15, 1998, you will be deemed to have elected to commence receipt of your benefit on your Normal Retirement Date under the Normal Form of Retirement Income (see "Payment Of Benefits - Normal Form Of Retirement Income" and "When Your Benefits Begin" above). However, as explained above, you may change your election at any time prior to the commencement of your benefit. If we do not receive all completed forms by the above date, and if you are electing to receive your benefit at this time, your benefit will be paid on the first day of any subsequent month, provided we receive all required paperwork by the 15th day of the month prior to the date you elect to commence receipt of your benefit.

Taxation Of Distributions

Lump Sum Distributions: If you elect to receive your benefit under the Lump Sum Option (Option 1), your distribution will be subject to 20% Federal income tax withholding unless you elect to have your distribution transferred directly into an IRA (individual retirement account), or a qualified retirement plan of a new employer.

If you would like your lump sum distribution transferred directly to your IRA or to a new employer's plan, please complete and return the enclosed Exhibit B. All rollover requests should also be accompanied by a letter from the IRA institution or new employer accepting the rollover. This letter should state their willingness and ability to accept a Direct Rollover from the Skadden, Arps, Slate, Meagher & Flom Pension Plan on your behalf. Letters from new employers should be accompanied by their most recent IRS favorable determination letter indicating the qualified status of the plan under section 401(a) of the IRS code.

In addition, if you elect to receive your benefit under the Lump Sum Option, you will receive a

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Form 1099-R in January of the year following the year this distribution is made.

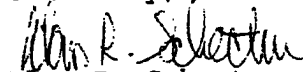
Monthly Annuities: If you elect to receive your benefit under one of the annuity options (Option 2, 3, 4, 5, 6 or 7), your monthly benefit may be subject to Federal income tax withholding unless you elect otherwise. In this regard, please complete and return the enclosed Form W4P, "Withholding Election Form for Pensions & Annuities". If you elect to receive your benefit under one of the annuity options and you do not return Form W4P, federal income tax will be withheld from your monthly pension check as if you are married claiming three (3) withholding allowances. In addition, if you elect to receive your benefit under one of the annuity options, you will receive a Form 1099-R in January of the year following any year you receive such distribution(s) from the Plan.

Consult your tax advisor: When you file your tax returns for the tax year(s) in which you receive a distribution(s), you will be responsible for reporting the amount of that distribution(s) as ordinary income. In addition, distributions received prior to age 59 1/2 may be subject to an additional 10% tax. Exhibit C (enclosed) further describes the Federal Tax Treatment of Distributions from Qualified Plans. You should, however, consult your individual tax adviser regarding these matters.

* * * * *

If you have any questions regarding your benefits or these forms, please call the undersigned at (212) 735-3036.

Sincerely,



Alan R. Schectman
Supervisor of Pension Benefits

Enclosures
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